

The President's Daily Brief

July 21, 1976

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Top Secret

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July 21, 1976

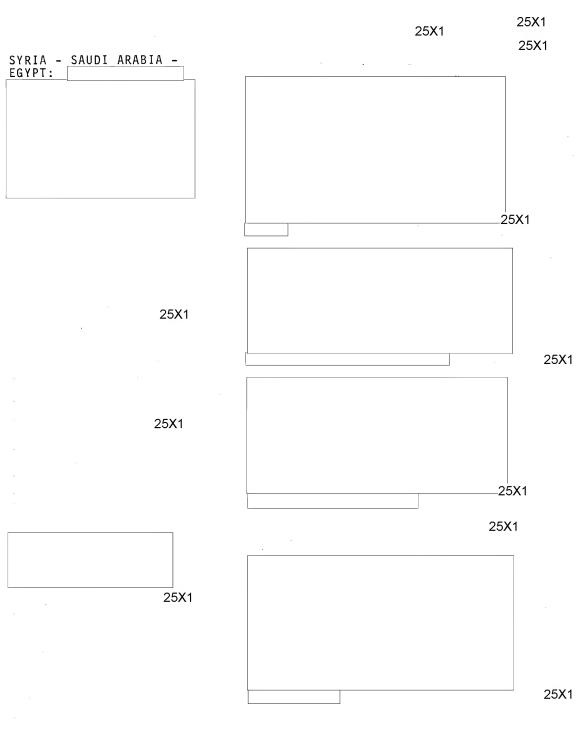
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LEBANON: Another attempt to arrange a Syrian-Palestinian dialogue has fallen through.

Faruq Qaddumi, who serves as Yasir Arafat's chief adviser on foreign affairs, was supposed to have flown from Beirut to Damascus yesterday to discuss Libyan Prime Minister Jallud's latest peace proposal. Qaddumi was to have carried the conditions on which the leftists and Palestinians will insist before they will allow a meeting between Arafat and President Asad. Qaddumi reportedly turned back shortly after his departure.

The recall of Qaddumi may have been tied to press reports the Syrians had told Jallud that the Palestinians must agree to implement the Cairo accords of 1969 under Damascus' control before Syrian forces would withdraw from Sawfar and southern Lebanon. The accords, which put severe restrictions on Palestinian activity in Lebanon, probably are unacceptable to the Palestinians.

Jallud, however, hopes to bring the two sides together for talks today in Damascus.

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A meeting on Monday between Arafat and a Christian Phalanges Party leader has resulted in an agreement to introduce Arab peacekeeping forces into a limited buffer zone between the Christians and Palestinians in Beirut.

According to press reports, an Arab League mediator has been in touch with both sides in an attempt to arrange the insertion of the pan-Arab troops. The Phalanges may have some trouble, however, in getting the more extremist Christians to go along. Such an arrangement presumably would result in the delivery of badly needed supplies to Muslim-held areas in Beirut.

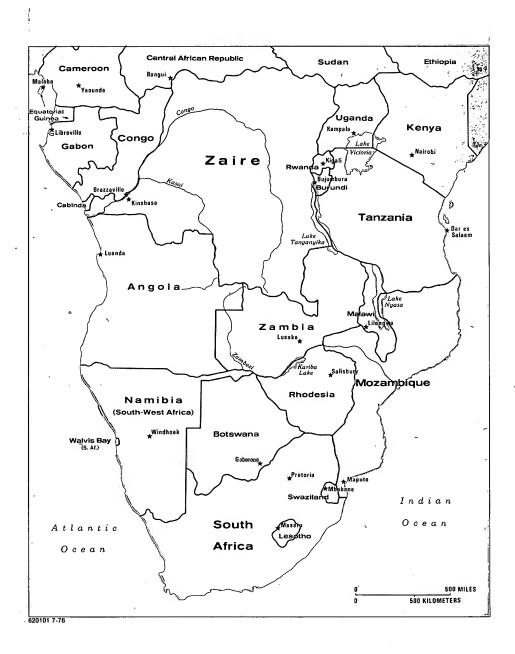
The Phalangists also are said to have agreed to a proposal by the leader of the Shia Muslims for a cease-fire today at Tall Zatar that would allow the evacuation of wounded to west Beirut--the Muslim area of the city. Previous efforts to implement such a cease-fire have always failed.

Fighting continued yesterday in Beirut at Tall Zatar, in the central part of the capital, and in surrounding suburbs.

In central Lebanon, a Christian offensive against Palestinian positions in the Mount Lebanon area began on Monday. The Syrians have been participating in the ground action in the vicinity of Sawfar. Their involvement in the offensive, which is in line with earlier reports of Syrian-Christian strategy, makes it even less likely that they will be in any hurry to withdraw from the Sawfar area.

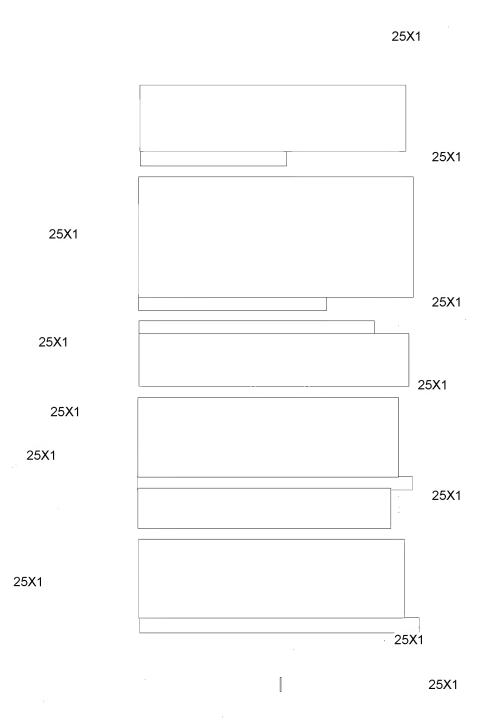
Syrian forces in the north are maintaining their blockade of Tripoli and are continuing to shell the nearby refugee camp at Nahr al-Barid.

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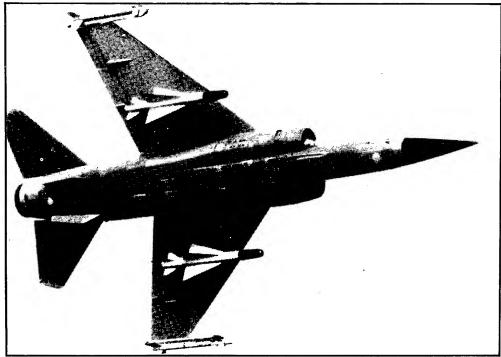


USSR-SYRIA: Despite recent Soviet criticism of Damascus' policy in Lebanon, Moscow apparently has been continuing to deliver some military equipment to Syria.	¥	A Soviet merchant ship arrived in Latakia, Syria, on July 12, probably with military cargo.	(1
	*	* *	
EGYPT-LIBYA: Further indications of border tension between the two countries have appeared.		Egypt has begun calling up reserve officers from the armored and signal corps	5X1
		We cannot confirm that the call-25X1 ups are related to growing tension between Libya and Egypt, but it seems logical that they are in view of heightened Egyptian and 25X1 Libyan military activities over the past several weeks.	
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Mirage F1 Fitted With R530 and R550 Missiles



NOTES

Kuwait is about to receive six of the 20 Mirage F1 fighters it has ordered from France. It will be the first country in the Middle East to receive this model of the aircraft.

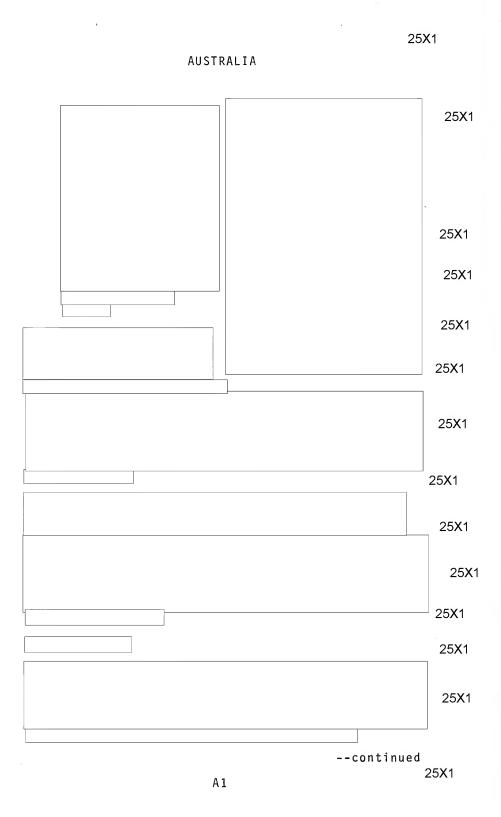
The \$100-million order for Mirages, placed in 1974, is part of the \$1 billion that Kuwait has spent on military purchases in the past two years. Other major Kuwaiti purchases during this period have included a \$350-million order from the US for 36 A-4 aircraft and the improved Hawk missile system and a \$250-million contract with Yugoslavia for army and naval base construction. Earlier this month, a high Kuwaiti official told the US ambassador Kuwait had decided to spend \$300 million for Soviet weapons.

In Poland, the moderately stiff sentences dealt yesterday to 13 participants in last month's riots against proposed price hikes on basic food items suggest that the Gierek regime is trying to avoid creating any martyrs.

A member of the Polish party Central Committee has told the US ambassador that the mishandling of the proposed price increases has produced "depression, defensiveness, and a loss of self-confidence" within the leadership. The Polish official, however, did not give any indication that a change of leadership might be in order. His major concern was that the recent problems might make Western bankers and businessmen wary of investing in Poland.

Meanwhile, Gierek appears to be carrying out his pledge to conduct broad consultations with the public about future price hikes.

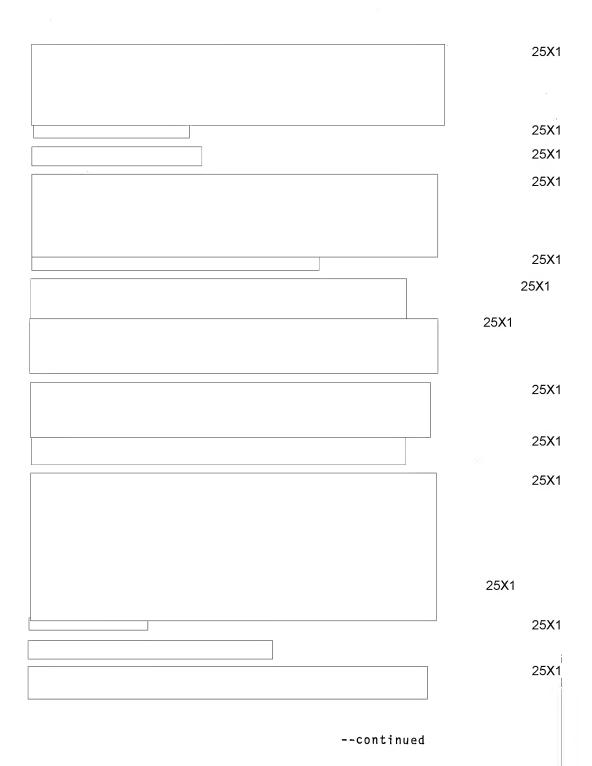
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